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SUBJECT: ICELANDIC FOREIGN MINISTER BEARING UP WELL UNDER
OPPOSITION FIRE ON BASE ISSUE; COULD STILL USE OUR HELP

¶1. (SBU) Summary: Icelandic Foreign Minister Geir H. Haarde has spent early April trying to diffuse criticism from press and politicians who accuse him of failing to predict the U.S. decision to draw down Naval Air Station Keflavik (NASKEF), and who say he is too passive in letting the U.S. define Iceland's defense needs. Haarde's critics are variously using the base closure issue to argue that Haarde's Independence Party is not the guarantor of national security that it has long claimed, that the Government is asleep at the switch, and that Iceland should join the European Union. We will reward Haarde's dogged Atlanticism if we come up with a plan for security post-NASKEF that he can sell to an increasingly skeptical public. End Summary.

¶2. (U) Foreign Minister Haarde used his twice-yearly speech on foreign policy to the Althingi (Icelandic Parliament) April 6 as a platform to defend himself against criticism that he did not foresee the U.S. decision to zero out NASKEF's budget. "The world is constantly changing, even in the short time between reports by the Foreign Minister to the Althingi on the current aspects of foreign affairs," Haarde told Parliament.

Changes in Security Environment

¶3. (U) Haarde told MPs that the world now faces a variety of threats, ranging from hostile dictatorial states and complex ethnic conflicts to tiny terrorist groups and environmental damage and epidemics. "It is not unreasonable, therefore, that NATO, led by the United States, is now trying to adapt its defensive capabilities to these new circumstances," the Foreign Minister said. "The membership in NATO and the Defense Agreement with the United States have been the cornerstones of Iceland's security policy for over half a century. Although one might be led to think otherwise by the recent public debate, the defense cooperation has, indeed, changed in light of the changed world order. . .Not changed enough, however, to warrant the sacrifice of an air defense capability for which there is a defined need within NATO."

Base Announcement a 'Great Disappointment'

¶4. (U) Mr. Haarde continued, "Whatever the expectations may have been, it cannot be denied that March 15 was a historic day, and the unilateral decision by the United States while talks were in progress was a great disappointment and a setback for the defense cooperation. The possibility of a revision, or even termination, of the Defense Agreement cannot be excluded. But in light of the fact that the U.S. Government reiterated its commitments under the 1951 Defense Agreement, the first step was for Iceland and the United States to enter into negotiating on the future of their cooperation."

Opposition Reaction

15. (U) Since the March 15 announcement that no significant U.S. military presence will remain in Iceland after September 30, 2006, the Foreign Minister has been ridiculed by editorial cartoonists and opposition political parties, who portray him as being a pawn of the Americans. One editorial cartoon showed Secretary Rice dragging the Foreign Minister along the ground by his ears, telling him, "It is so comfortable dealing with you Icelanders because you can take anything we throw at you."

16. (U) An April 4 Morgunbladid op-ed by the Left Green Party's chair and his deputy fumed, "It still looks as if everything revolves around what the United States is willing to do -- with Icelandic envoys in the role of supplicants." Ossur Skarphensson, former Social Democratic Alliance (SDA) Chair and now an influential MP, remarked in the Althing April 5, "The Foreign Minister was the only person in the country who believed the Defense Force would not leave Iceland."

17. (U) Ogmundur Jonasson, MP for the Left Green Party and a reliably strong critic of Icelandic and U.S. foreign policies, quipped that Mr. Haarde's April 6 speech amounted to "a very good analysis by the Foreign Minister that could have come straight from the Pentagon." Ingibjorg Solrun Gisladdottir, SDA Chair and Haarde's main competition for the Prime Minister's job in 2007 elections, criticized the government for lacking a policy on security and defense: "They are sitting there with their hands in their laps, with no proposals of their own, waiting for the United States to make up a new contingency plan for Iceland. These are Iceland's willing and steadfast leaders."

18. (U) Gisladdottir added (comment: accurately, in post's view; end comment) that there was a different foreign and defense policy emphasis between the two parties making up the coalition government. Haarde's Independence Party seems more in favor of cooperation with the United States, she said, and Asgrimsson's Progressive Party with Europe. Gisladdottir affirmed that SDA policy is to work so that Europe "will be our security community in the future."

What It Means For Us

19. (SBU) Comment: FM Haarde is handling the barbs and public ridicule smoothly so far, and he used his speech to underscore his rationale for taking a 'wait and see' attitude toward bilateral defense cooperation. EUCOM is due to brief the GOI later this month on how it plans to 'replace the base.' The EUCOM plan will not satisfy everyone in Iceland, especially the opposition parties. But if it can convey clearly that we continue to offer genuine defense preparedness to this long-time ally, the plan will help not only Iceland but also Haarde, thus far the most levelheaded of our senior Icelandic interlocutors. End comment.

VAN VOORST